

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317)232-9855

**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: #02-121

DATE PREPARED: Jul 19, 2002

STATE AGENCY: Family and Social Services Administration

DATE RECEIVED: Jun 11,
2002

FISCAL ANALYST: Kathy Norris

PHONE NUMBER: 234-1360

Digest of Proposed Rule: The proposed rule would apply a consistent treatment to the payment of Medicare cross-over claims within the Medicaid Program. Currently, reimbursement of Medicare cross-over claims to nursing facilities are capped at the amount that the state Medicaid program would reimburse for the claim. This rule would apply that methodology to all Medicaid providers, rather than paying the full amount up to the Medicare reimbursement.

Governmental Entities: *State:* Federal law permits Medicaid agencies to elect to pay up to the Medicare allowable rate, or to cap payments for coinsurance and deductibles at the Medicaid allowable rate. This rule will provide reimbursement to all providers at the Medicaid allowable rate, as is currently the case for reimbursement to nursing facilities. If the amount the Medicare program pays the provider exceeds the amount that Medicaid would pay, the Office would recognize no liability for the difference.

The Office of Medicaid Policy and Planning (OMPP) estimates annual savings, state and federal, as a result of this proposed rule to be \$50.0 M in FY 2003 and \$53.0 M in FY 2004. State share of the expenditure reduction is estimated to be about \$19.0 M in FY 2003 and \$20.1 M in FY 2004. (The state share of expenditures in the Medicaid program is about 38% of the total; the federal share is about 62%.) This rule places no unfunded mandates upon any state governmental unit.

Local: This rule may impact reimbursement to county-owned hospitals or other county-owned providers.

Regulated Entities: Most health care providers are regulated by the state through licensure requirements at a minimum. Participation in the Medicaid program is a voluntary election that is made by individual providers who agree to accept the reimbursement methodology used by the state Medicaid program. Provider payments to providers other than nursing facilities will be reduced in the amount of the total expenditure reduction that the state expects to realize: an estimated \$50.0 M in FY 2003 and \$53.0 M in FY 2004.

Information Sources: Wanda Williams, Office of Medicaid Policy and Planning, 234-1594.